

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1360 – SB 1384**

March 26, 2019

**SUMMARY OF BILL:** Requires a prescriber to also prescribe naloxone when prescribing opioids or benzodiazepines to a patient.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$21,515,900**

**Increase Federal Expenditures – \$26,326,900**

**Increase Local Expenditures – Exceeds \$1,193,100**

Assumptions:

- Based on information provided by the Division of TennCare (Division), there were 485,629 prescriptions for opioids or benzodiazepines prescribed to patients without a naloxone prescription in FY18-19.
- The average cost of a naloxone prescription for the Division is \$82.77.
- The total recurring increase in expenditures to the Division as a result of this legislation is estimated to be \$40,195,512 ( $485,629 \times \$82.77$ ).
- The Division receives federal funding at a match rate of 65.375 percent; the state pays the remaining 34.625 percent share.
- The recurring increase in expenditures will be \$13,917,696 ( $\$40,195,512 \times 34.625\%$ ) in state funds and \$26,277,816 ( $\$40,195,512 \times 65.375\%$ ) in federal funds.
- Based on information provided by the Division of Benefits Administration (Benefits Administration), Benefits Administration found 452,594 prescriptions for opioids or benzodiazepines prescribed to patients without a naloxone prescription in FY17-18.
- The average cost of a naloxone prescription for Benefits Administration is \$29.29.
- It is assumed Benefits Administration will experience an increase in expenditures of \$13,256,478 ( $452,594 \times \$29.29$ ).
- It is estimated that 52 percent of members are on the State Employee Plan, 39 percent are on the Local Education Plan and 9 percent are on the Local Government Plan.
- According to Benefits Administration, the state contributes 80 percent of member premiums resulting in a recurring increase in state expenditures of \$5,514,695 ( $\$13,256,478 \times 52.0\% \times 80.0\%$ ).

- The state contributes 45 percent of instructional member premiums (75 percent of Local Education Plan members) and 30 percent of support staff member premiums (25 percent of Local Education Plan members) resulting in state expenditures of \$2,132,636  $[(\$13,256,478 \times 39.0\% \times 75.0\% \times 45.0\%) + (\$13,256,478 \times 39.0\% \times 25.0\% \times 30.0\%)]$ .
- According to Benefits Administration, some state plan members' insurance premiums are funded through federal dollars. It is estimated 0.89 percent of the state share of the state plan is funded with federal dollars, resulting in an increase in federal expenditures estimated to be \$49,081  $(\$5,514,695 \times 0.89\%)$ .
- The net recurring increase in state expenditures for Benefits Administration is estimated to be \$7,598,250  $(\$5,514,695 - \$49,081 + \$2,132,636)$ .
- The state does not contribute to the Local Government Plan; any increase in premiums will be entirely absorbed by the participating agencies and their members.
- It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$1,193,083  $(\$13,256,478 \times 9.0\%)$ .
- It is unknown the impact on local governments that do not opt into the Local Government Plan; therefore, the total increase in local expenditures is estimated to exceed the \$1,193,083 increase to the state plan.
- The total increase in state expenditures is estimated to be \$21,515,946  $(\$13,917,696 + \$7,598,250)$ .
- The total increase in federal expenditures is estimated to be \$26,326,897  $(\$26,277,816 + \$49,081)$ .

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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